

CHAPTER 25 ENTREPRENEURS WITH DISABILITIES PROGRAM

265—25.1(16) Purpose. The Iowa finance authority works in collaboration with the department of education, division of Iowa vocational rehabilitation services, and the Iowa department for the blind to administer the entrepreneurs with disabilities program. The purpose of the entrepreneurs with disabilities program is to provide technical assistance, business development grants, and financial assistance grants to qualified Iowans with disabilities.

265—25.2(16) Definitions. As used in this chapter, unless the context otherwise requires:

“Applicant” means an individual who is an active client of the department of education, division of Iowa vocational rehabilitation services, or the Iowa department for the blind.

“Authority” means the Iowa finance authority.

“Business plan” means a written document which includes the following components: (1) a description of the business, (2) an organization plan including information regarding the legal form of business/owner and owner/operator qualifications, (3) a marketing plan which includes information regarding competition, location, targeted markets, product/service description, market need, promotional plan, and sales/marketing methods, (4) a financial plan including information relative to fixed assets owned or needed, working capital needs, a two-year cash flow projection, a two-year projected profit and loss statement, and a personal budget, and (5) other information deemed necessary by the counselor and the consultant for a clearer understanding of the business plan.

“Business planner” means a designated business developer working for IVRS that provides business planning assistance to clients of IVRS or the Iowa department for the blind.

“Consultant” means a contracted vendor from whom specific technical expertise can be purchased to assist with the development of a small business.

“Counselor” means a designated case counselor working for the department of education, division of Iowa vocational rehabilitation services, or the Iowa department for the blind.

“Financial assistance grant” means moneys determined necessary for an applicant to start or expand a small business that can be further developed and based upon a sources and uses statement form. These moneys may be used for, but are not limited to, equipment purchases and working capital. Working capital may include, but is not limited to, design and printing of marketing materials, advertising, rent (up to six months), direct mail postage costs, raw materials, inventory, insurance, and other start-up, expansion or acquisition costs. Financial assistance grants shall not exceed 50 percent of the financial package required to start up, expand or acquire a business unless authorized by the administrator of IVRS or Iowa department for the blind. Financial assistance is provided in three phases, with each phase requiring full monitoring of the business results. When a phase is completed successfully and the need for additional funding is demonstrated, then the next payment is approved. The maximum grant award cannot exceed \$10,000 for all phases combined.

“Follow-up technical assistance” means grant moneys provided on behalf of an applicant to hire a consultant(s) for a specified number of hours to provide business technical assistance subsequent to the start-up, expansion or acquisition of a business.

“IDB” means the Iowa department for the blind.

“IVRS” means the Iowa department of education, division of vocational rehabilitation services.

“Program” means the entrepreneurs with disabilities program.

“Program manager” means the designated manager of the program for IVRS.

“Project plan and budget form” means a form that identifies specific steps in the business planning process, the consultant(s) who will provide such service, budgetary guidelines, and a time line. Project plan and budget forms are provided by the counselor or business planner following evaluation and scoring of an application for the program.

“Sources and uses statement form” means a form that defines the specific financial needs for business start-up, expansion, or acquisition. Sources and uses statement forms are provided to an applicant by the counselor or business planner following evaluation and scoring of an application for the program and the submission and review by the counselor and the business planner of a business plan.

“Technical assistance grant” means moneys authorized on behalf of an applicant to hire consultants to assist an applicant with specialized technical assistance such as a market analysis; marketing plans; engineering, legal, computer services; financial packaging; or follow-up technical assistance. These moneys may not be used to subsidize business operations and are based upon the project plan and budget form. Technical assistance grants shall not exceed \$10,000 per client unless authorized by the administrator of the IVRS or IDB.

265—25.3(16) Eligibility requirements. Clients of the IVRS or the IDB may apply for the program.

265—25.4(16) Application procedure.

25.4(1) Application. Application materials for the program are available from IVRS, IDB, and the authority.

25.4(2) Submittal. Completed applications shall be submitted to the IVRS or the IDB counselor.

25.4(3) Review. Applications will be forwarded to the business planner and the counselor for review. Applications receiving a minimum of 60 points out of a total 100 points will be eligible to pursue a technical assistance grant or a financial assistance grant. If the application is for financial assistance only, a business plan will be required at the time of submission of the application. Business plans receiving a minimum score of 75 points out of a total of 100 points will be able to pursue a financial assistance grant. Approval of a technical assistance grant is based upon acceptance of a project plan and budget form. Approval of a financial assistance grant is based upon acceptance of a business plan and a sources and uses statement form. A decision on all applications and forms will generally be issued within 30 days of submission with notification by letter to the applicant.

25.4(4) Applications for technical assistance—evaluation factors. Applications for the program will be reviewed and evaluated using a 100-point system, based upon the following criteria:

a. Descriptive and organization information: 0 – 30 points. Does the applicant have education, skills, and work experience relevant to the proposed business venture? Does the applicant document previous management or accounting experience? Is the applicant clear on the nature of the business?

b. Market information: 0 - 30 points. Does the application indicate a clear understanding of potential customer groups and how to reach them? Does the application show sufficient knowledge of products/services, competition, and marketing methods? Does the applicant understand the critical issue of location?

c. Financial information: 0 - 30 points. Does the applicant demonstrate an understanding of how to estimate sales potential? Does the applicant indicate knowledge of estimated capital requirements for business start-up, expansion, or acquisition?

d. Creditworthiness: 0 - 10 points. Does the applicant’s past credit history demonstrate responsible behavior? Awards will not be made if the applicant has a credit history showing delinquent credit obligations including, but not limited to, unpaid income tax, delinquent child support obligations, or defaulted student loans.

25.4(5) Applications for financial assistance—evaluation factors for business plans. Applications for financial assistance from the program will be reviewed and evaluated using a 100-point system, based upon the following criteria:

a. Feasibility: 0 - 25 points. Feasibility will be considered based upon the overall business plan. Rating factors for this criterion include, but are not limited to: market analysis, financial projections, initial capitalization, management, and historic data relative to similar businesses. A minimum of 15 points is required for this rating factor.

b. Market plan: 0 - 25 points. Does the business plan contain sufficient information to demonstrate that the applicant fully understands who the applicant's customers will be and how to reach them? Is there adequate information about competition, market need, location, sales/marketing methods and a product/service description? Is a promotional plan included in the business plan? A minimum of 15 points is required for this rating factor.

c. Financial plan: 0 - 25 points. Does the business plan contain a two-year cash flow projection and profit and loss projection? Is there an itemized listing of fixed assets, working capital, and other start-up, expansion and acquisition needs, including detailed descriptions of equipment to be purchased? Is there a clear statement regarding the composition of the anticipated financial package? Has the applicant provided a personal financial statement along with a detailed personal monthly budget form? A minimum of 15 points is required for this rating factor.

d. Organizational information: 0 - 25 points. Does the business plan document sufficient education and work experience relevant to the proposed business? Does the business plan demonstrate adequate management experience by the principal party(ies)? A minimum of 15 points is required for this rating factor.

25.4(6) Appeal of application evaluation. If an application is denied based upon the assignment of an inadequate evaluation score, an applicant may appeal the decision to the IVRS or the IDB. An appeal shall be consistent with the IVRS and the IDB appeal processes.

265—25.5(16) Award of technical assistance grants.

25.5(1) Awards. Technical assistance grants may be used for specialized consulting services as determined necessary by the counselor, business planner, and the client. Technical assistance grants may be awarded up to a maximum of \$10,000 per applicant. Specialized technical assistance may include, but is not limited to, market analysis; marketing plans; engineering, legal, computer services; preliminary business plan development; financial packaging; and other consulting services that require specialized education and training.

25.5(2) Award process. Upon approval of the application by the counselor and the business planner, generally within 30 days, an applicant will receive notification of eligibility to pursue technical or financial assistance. The letter will request that a project plan and budget be submitted to the counselor if the applicant is pursuing technical assistance or that a sources and uses statement be submitted to the counselor if the applicant is pursuing financial assistance.

25.5(3) Approval of project plan and budget. A project plan and budget form will accompany notification letters. The project plan and budget form will require an applicant to identify specific steps in the business planning process, who will be involved in each step of the process, budgetary guidelines, and a time line. The completed project plan and budget form must be signed by the applicant and submitted to the counselor for approval.

25.5(4) Technical assistance grant contracts. IVRS shall negotiate contracts with qualified consultants for delivery of services to an applicant. The contracts shall state hourly fees for services, type of service to be provided and a time line for delivery of services. Authorization of payment will be made by the IVRS or the IDB counselor based upon the negotiated rate as noted in the project plan and budget form. A copy of each contract shall be provided to the authority, at the authority's request.

25.5(5) Consultants. Applicants will be provided a list of qualified business consultants by the business planner. The selection of consultant(s) shall be the responsibility of the applicant.

25.5(6) Case management. The business planner will commit a specific number of hours of direct consultation to each applicant to ensure that quality services for business planning are provided in a timely manner.

265—25.6(16) Financial assistance grants.

25.6(1) *Grant awards.* Financial assistance grants may be awarded based upon the demonstrated need and evidence of business progression. The applicant must provide 50 percent of the equipment or working capital needed to start, expand, or acquire a business as defined in the sources and uses state-ment form. The applicant may provide the 50 percent through conventional financing or other sources. Working capital may include, but is not limited to, design and printing of marketing materials, advertis-ing, rent (up to six months), direct mail postage, raw materials, inventory, insurance (up to six months), and other start-up, expansion, or acquisition costs. The amount that may be awarded by the program shall be provided in three phases of business operations when each phase meets specified business re-sults, and the need for additional award money is indicated. The timing of each phase and the amount of funds for each phase shall be established in the approved project plan and budget, as reviewed by the business planner and approved by the program manager. It is a goal of the program that program funds assist an applicant in also securing financing from a commercial or private source.

25.6(2) *Approval of sources and uses forms.* The sources and uses form will define specific finan-cial needs for business start-up, expansion, or acquisition. Sources and uses forms shall be provided to an applicant by the counselor following evaluation of the application for the program and the submis-sion and review of the business plan. Completed sources and uses forms shall be submitted to the coun-selor and the business planner. The counselor, the business planner, and the applicant will meet to re-view the sources and uses form. Generally, this process shall be completed within 30 days from submission.

25.6(3) *Award process.* Upon the business planner's approval of the sources and uses form, the counselor shall send an applicant a notification letter which shall state the amount and conditions of the award.

25.6(4) *Financial assistance grant contracts.* Contracts for financial assistance grants shall be the responsibility of the IVRS or the IDB and will be consistent with the authorized use of Title I vocational rehabilitation funds and policy.

265—25.7(16) Monitoring. The authority reserves the right to monitor the IVRS and IDB records related to the program to ensure compliance with the rules.

These rules are intended to implement 2005 Iowa Acts, chapter 179, sections 161 and 162, and 2007 Iowa Acts, Senate File 431, section 7.

[Filed 10/7/05, Notice 8/31/05—published 10/26/05, effective 11/30/05]

[Filed 10/4/07, Notice 8/15/07—published 10/24/07, effective 11/28/07]